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Harford County

Coastal
Zone
Management
Program

1991

Deer Creek Protection Program

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Subtask A: Contacts with Landowners within Deer Creek Watershed:

During the three-year term of this work, the program area has comprised a 2-mile-wide corridor of the watershed of Deer Creek within Harford County, with attention to all parcels of 20 acres or more. During the term of the present contract, Study Area #3 presently contains 127 parcels totaling 10,874 acres, from the Baltimore County and Pennsylvania borders to Rocks State Park. Study Area #2 contains 303 parcels totaling 23,496 acres, and Study Area #1 contains 178 parcels totaling 17,580, or a total of 608 parcels of 20 acres or more totaling 51,950 acres within the 2-mile wide corridor.

During the period of this contract, Miller has talked with the owners of 89 parcels totaling approximately 10,956 acres within the Deer Creek corridor.

Specific Conservation Plans:

1. PURCHASE OF 109-ACRE WOODLAND:

Pursuant to arrangements noted in the second quarterly report [A. 2], the Lower Susquehanna Conservancy, Inc. (LSC), an independent by-product of DCWA's rural conservation program, on June 28, 1991 purchased the 109-acre property [27.130] adjacent to Palmer State Park for \$190,750. LSC recorded with Harford County a minor subdivision plat ("Palmer's Initiative") consisting of 10 acres with all improvements and a remainder of 99 acres. On August 7, 1991, LSC sold the 10-acre lot and improvements, plus a 5-year option to buy 30 acres to another party. LSC will offer to sell the remaining 69 or 99 acres as soon as possible to DNR for addition to Palmer State Park on lower Deer Creek.

2. FORMATION OF LAND TRUST:

DCWA's project revealed the need for an organization willing and able to buy rural lands at risk of development, to protect, re-convey or manage them for conservation purposes. On April 5, 1991, five local citizens, one of whom is a vice president of DCWA, incorporated the "Deer Creek Land Trust, Inc." [Md. Dept. of Assessments & Taxation Number: D-3194073 and Federal I.D. Number 52-1721553] for this purpose. Soon afterwards, however, they enlarged the scope of the organization and officially renamed it "Harford Land Trust, Inc." Aided by the materials and advice of the Md. Environmental Trust and the Maryland Land Trust Alliance, the Harford Land Trust (HLT) made a cooperative agreement with MET to become a co-grantee of future conservation easements in Harford County. HLT also has made an agreement with the Forest Greens & Perryman Community Association (FGPA) for a project on the Bush River to try to acquire a 125-acre "flatwoods" natural area and lake, platted in 1932 for

50-foot wide lots but never "built out," in order to try and protect it from development. With the leadership of two FGPA residents, HLT has a contract to buy the property. While raising money to buy this property, HLT needs to get a formal commitment of Harford County to buy it from HLT within two years.

3. POSSIBLE PURCHASE OF DEER CREEK FRONTAGE:

The three owners of the 50-acre property [27.119 & 27.355] adjacent to Deer Creek and Palmer State Park, hope that DCWA will find a conservation buyer, if not DNR or Harford County Dept. of Parks & Recreation, who will keep the land intact and not develop it. Miller has had preliminary discussions with DNR about this; in view of the financial problems of P.O.S., it may be a year or two before DNR will be able to offer to purchase such land. Miller has proposed to the Harford Land Trust, Inc. that it try to acquire this property and hold it until DNR can buy it for addition to Palmer State Park.

4. LONG-TERM CONCEPT PLANS IN WINTER'S RUN:

With regard to a conservation plan for "Solomon's Choice," the 125-acre historic farm in the Winter's Run watershed described in previous reports, Miller completed concept plans for this property with three scenarios: (1) permanent protection in its present condition by conservation easements, (2) a limited development concept retaining the present core and small clusters of new residences in two other parts of the property, (3) a limited development concept with a cluster of structures for either residences or a retreat-conference center. Although zoned Agricultural (1 unit/10 acres), Harford County's current zoning law will allow 12 lots, and its family conveyance ordinance an additional 15 lots. These concept plans are meant to conserve the land, eliminate most of the 27 development rights, and enable the owner to obtain a satisfactory financial return from the property. The owner is open to the possibility of the Winter's Run frontage of her property being acquired by the County Dept. of Parks & Recreation.

5. CONCEPT PLAN IN COOL BRANCH OF DEER CREEK:

Miller has completed a conservation plan for the owners of a 73-acre property in the Finney National Register Historic District, on Cool Branch, a tributary of Deer Creek in Study Area #1. This concept plan includes a conservation easement for the entire property, a preservation easement on the historic house, with a 32-acre preserve of a mature deciduous forest, that may be conveyed eventually to a local land trust.

Subtask B: Preparation of Sample Project #3

After discussions with the Harford County Dept. of Planning & Zoning, DCWA decided not to use the 49-lot, 262-acre subdivision known as "St. Anne's," already platted and under construction, to be the site of this study. Belatedly, DCWA was able to obtain permission to use a 228.6 acre farm near Forest Hill whose owner in 1990 had refused to allow DCWA to use his farm for Sample Project #2. This is a far superior site for several reasons: It is an excellent farm, and the owner is a highly influential person in the farming community. The farm is highly visible from public roads, but, having just been platted for Rural Residential development (1

unit/2 acres), a developer had decided not to exercise his option to buy and develop this property. Also, the owner is now interested in possible alternatives available to him. This change of site is well worth the loss of time spent on the "St. Anne's" site.

The "product" of this study consists of five maps depicting: existing conditions, environmental conditions, and three options, "Conventional Subdivision," "Rural Residential Concentration," and "Rural Village," which are attached to this report.

Subtask C: Publication #3: the manuscript of a "spreadsheet," or analysis of the possible financial effects of the three hypothetical options. After review by Harford County, this may be printed in a 11" x 17" tabloid format depicting photo-reductions of the maps of Sample Project #3 and possible financial effects of Options #1, 2, and 3.

This work is an appendix of this annual report.

On February 25, 1991, DCWA held its annual public meeting at the Highland Community Center near Street, Md. to report on the rural conservation program; its keynote speaker was Leonard E. Lowry, chairman of the Maryland Agricultural Land Preservation Foundation. Thirty-three persons signed the registration sheet.

DCWA has a mailing list of 600 organizations and people and has published four issues of Deer Creek Notes: October, January, April and July, copies of which are an appendix of this report.

Subtask D: Ownership File and Map of Study Area #3 (1991) of the two-mile corridor between the Baltimore County and Pennsylvania lines and Rocks State Park.

The Ownership File is essentially complete, and DCWA has produced the map of Study Area #3. A copy of this map and an 11" x 17" color-reduction of it are a part of this report.

UPDATING OF FILE: As often as possible, Miller has updated the ownership file of the three Study Areas. These files are contained in a 3.5" diskette as a part of this annual report.

A local volunteer committee, aided by Christopher Weeks, historic preservation planner for Harford County, is preparing the documentation of a Deer Creek Historic District, to be nominated for the National Register of Historic Sites. The proposed area stretches from Md. Route 543 (Ady Rd.) on the west to the Susquehanna River on the east and probably encompasses 500 historic buildings and 15,000 acres. DCWA's landownership file, developed with CRD support, is providing essential information for documenting the District's scope and character and communicating with hundreds of individual landowners in the proposed district.

Subtask E: Implementation of Conservation Neighborhood concept with Specific Landowners: Continuation of Previous Work and Initiation of New Areas.

Conservation Neighborhood #1: Several of the owners within this area are among the 43 owners in Harford County who, because of MALPF's fiscal deficiencies, are still waiting for MALPF to respond to their offers in 1990 to sell conservation easements. At least one owner has reduced its bid to enhance its chances of selling an easement in 1991.

Conservation Neighborhood #2.1: As a result of the financial deficiencies of MALPF, three of the five landowners cited in the previous report [B.] actually proceeded with their plans to form an Agricultural District and offer to sell a conservation easement to the state. Miller prepared the forms for the three owners, whose lands total 190 acres.

Conservation Neighborhood #2.2: Owners of 26.188 (71 acres) and of 26.051 & 26.052 (134 acres) have joined Agricultural District #123 with the hope of selling conservation easements to MALPF.

Conservation Neighborhood #3: The owner of 133 acres formed an Agricultural District, with Miller preparing the forms, and will offer to sell a conservation easement to MALPF. This owner is trying to get three of his neighbors [16.021, 16.117, 9.055, 9.148, 15.047] with to meet with Miller and him and consider some collective actions.

Other Properties: Miller has had two meetings with the owner of a 192-acre farm [15.091 in Study Area #3] which lies across Deer Creek from a portion of Rocks State Park [8.121]. This owner wishes to avoid the development of her land, but may need the income from the sale of it for supporting herself during her lifetime. Miller is showing her ways she might accomplish both objectives, by selling a conservation easement either to DNR or MALPF.

Other Activities:

COUNTY LAND PRESERVATION PROGRAM: DCWA's Directors actively are urging Harford County to establish its own farmland and open space preservation program relying on its own funds (currently \$2 million), as Howard County has done using tax-exempt municipal bonds and a payment of principle in 30 years.

RURAL ROADS PROTECTION: One of DCWA's volunteer directors, Monroe I. Duke, is working directly with the County Executive and the Director of Planning to improve the County's draft of regulatory and other measures to preserve the scenic amenities of its rural roads, most of which lie in the Deer Creek watershed. Consequently, the Department of Planning and Zoning's MAJOR ROAD PLAN (draft) contains "Guidelines/Legal Implications for Rural Roads" on pages 16-19, and the Department of Public Works has agreed postponed at least its plans to pave all remaining gravel roads in the County.

DEER CREEK WATERSHED ASSOCIATION, INC.
RURAL CONSERVATION PROGRAM
HARFORD COUNTY, MARYLAND
SAMPLE PROJECT #3
1991

Analysis of Financial Effects
of Three Development Options

INTRODUCTION

THE PROPERTY is the 229-acre home farm of a dairy cattle operation on land zoned as Rural Residential (avg. density=1 unit/2 acres). The owners of this property have made their land available for these hypothetical studies. They are in no way obligated to study, comment upon, approve, endorse, defend, adopt (or compensate DCWA for) these plans. Their willingness to let DCWA use their property is a service to DCWA's rural conservation program and to Harford County.

THE PURPOSE of the maps and financial analysis is to estimate the probable land use and financial effects if an owner carried out any of these theoretical plans on this land. The hypothetical studies do not suggest that an owner can make as much income from conservation planning as from maximum permissible development. These studies are directed at landowners for whom money is not an exclusive goal, but who have several related objectives, such as financial security, continuation of farming and its way of life, conservation of the rural landscape, avoidance of federal estate tax, and transfer of their land intact and free-and-clear to their heirs.

THE GOAL of this comparison is to show ways for landowners to keep their land open as farmland and natural land and also achieve their personal, estate, and financial objectives.

THE PREMISE of Options #2 and 3 is that they could be superior to Option #1 in helping to achieve the following public and private benefits:

1. Conservation of rural land, landscape, and lifestyle;
2. Preservation of productive farmland;
3. Preservation of natural lands and other open space;
4. Protection of scenic amenities;
5. Reduction of the public costs of residential development;
6. Reduction of development costs;
7. Make housing in rural areas affordable to more people;
8. Reduction of land use conflicts between farming and non-farming residents;
9. Avoidance of public sewage treatment facilities and discharge of effluents to waterways;

10. Ways for individual farmland owners to obtain satisfactory financial return with development of less rural land;
11. Community drainage fields or alternative treatment systems could enable Harford County to exercise better quality control over installation and maintenance of wastewater treatment systems.

LIMITATION: This is only a general study of a concept based on published information. Obviously, the County and State would have to conduct a technical evaluation of the advantages and disadvantages of Options #2 and 3 before suggesting that such alternatives be legislated. That is the point of this exercise: to consider them as possible alternatives to conventional development of rural land, not as policies or proposed legislation.

THESE HYPOTHETICAL OPTIONS are: (1) Conventional Subdivision, (2) Rural Residential Concentration, and (3) Rural Village: An Independent Life Care Community. Option #1 conforms entirely to Harford County's current Development Regulations. By intention, Option #2 and 3 conform to the requirements for average density but not for the size of individual lots or the methods of domestic wastewater treatment.

ASSUMPTIONS:

1. The owner would sell the property with an approved preliminary plat.
2. The financial analysis applies only to the income-producing capability of the land and buildings; it does not consider an owner's other sources of income, if any.
3. Fair Market Value (FMV) of the raw land and improvements is based on estimates only, not appraisals or the owners' records or opinion. The value of the Development Rights as a Conservation Easement is also an estimate.
4. For farmland within an Agricultural District but without sale of development rights (easement) to the state, Harford County will grant to the owner a 50% tax credit per year for five years for the local tax on farmland; if a member of an Agricultural District has sold development rights to the state, Harford County will grant a 100% tax credit to this owner.
5. In Option #2 or #3 unutilized development rights could be sold to the state or county agricultural land preservation program.
6. The owner will invest all receipts of sales of real estate or development rights in tax-exempt bonds with a 7% interest rate.
7. () means a cost to be subtracted, as opposed to revenue to be added.
8. Federal estate tax liability could be less, because this analysis does not try to take advantage of various legal methods of avoiding federal estate tax.

DEFINITION OF RURAL RESIDENTIAL DISTRICT [25-6 (b)(1)]

"This district is intended to acknowledge and protect existing concentrations of residential development; provide limited opportunities for low density residential uses where not in conflict with agricultural activities; protect the open character of the land; and restrict piecemeal development in areas where public services are not reasonably anticipated." Harford County Zoning Code (Effective Sept. 1, 1982, p. 81)

OPTION 1: FOR A CONVENTIONAL SUBDIVISION, THE OWNER HAS SUBDIVIDED THE ENTIRE PROPERTY TO CREATE 66 LOTS, ONE OF WHICH IS THE HOUSE, 38 ACRES AND FARM-RELATED BUILDINGS WHICH IF DEVELOPED WOULD ALLOW 18 LOTS, AND SELLS 190.6 ACRES AND THE COUNTY-APPROVED PLAT TO A DEVELOPER.

DEVELOPER'S SITUATION:

Cost of Subdivision Plat	(\$ 60,000)
Cost of land (191 acres x \$3,500)	(668,500)
Development Costs	(728,500)
Total Cost to Developer	(\$1,457,000)
 Gross Revenue of Sale of Lots @\$50,000	 \$3,300,000
Net-Revenue Before Taxes	\$1,843,000
<u>Less: Income Taxes (33%)</u>	(608,190)
Net-Profit to Developer	\$1,234,810

OWNERS' SITUATION:

Income from sale of land & plat	\$ 728,500
<u>Less: Basis of land (190.6 X \$500)</u>	(95,300)
Adjusted Taxable Income (1)	633,200
<u>Less: Income Taxes (33%)</u>	(208,956)
After-Tax Income	424,244
<u>Plus: Value of basis</u>	95,300
Net-Profit	\$ 519,544
 Investment of Cash in Bonds	 519,544
Annual Tax-free Income (7%)	36,220
 Value of Estate:	 709,544
House and 38 acres \$190,000	
Bonds 519,544	
 Theoretical Federal Estate Tax Liability of the Surviving Spouse	 109,544

OPTION 2: FOR A RURAL RESIDENTIAL CONCENTRATION, THE OWNER HAS SOLD 51.5 ACRES FOR DEVELOPMENT OF 85 SINGLE-FAMILY HOUSES WITH COMMUNITY WASTEWATER DRAINAGE FIELDS OR AN ALTERNATIVE WASTEWATER TREATMENT SYSTEM, BUT HAS RETAINED 177.1 ACRES AS A FARM WHILE SELLING THE 29 UNUTILIZED DEVELOPMENT RIGHTS ($114-85=29$) TO THE MD. AGRICULTURAL LAND PRESERVATION FOUNDATION (MALPF) OR A HARFORD COUNTY PROGRAM, IF ANY.

OWNERS' SITUATION:

Income from Sale of Land (51.5 acres x \$5,000)	\$ 257,500
<u>Less:</u> Basis of land (\$1000/acre)	51,500
Adjusted Taxable Income (1)	206,000
<u>Less:</u> Income Taxes (33%)	67,980
After-Tax Income	138,020
<u>Plus:</u> Value of Basis	51,500
Disposable Income (1)	289,520
 Income from Sale of Easement (\$4,000 x 58 acres)	 \$ 232,000
<u>Less:</u> Basis of land (\$1,000 x 58 acres)	58,000
Adjusted Taxable Income	174,000
<u>Less:</u> Income Taxes (33%)	57,420
Disposable Income (2)	116,580
 Combined Disposable Incomes (1 + 2)	 \$ 406,100
Possible Tax-free Income from Bonds (7%)	28,427
 Owners' Estate\$	 760,300
177.1 acres + house (\$2,000/acre)	\$354,200
Bonds	406,100
	\$760,300
 Theoretical Federal Estate Tax Liability of the Surviving Spouse	 \$ 160,300

OPTION 3: FOR A RURAL VILLAGE, THE OWNERS HAVE SOLD 113 DEVELOPMENT RIGHTS AND 51.5 ACRES FOR THE DEVELOPMENT OF A MODERN VERSION OF A TRADITIONAL SMALL VILLAGE OF 113 RESIDENCES, WHILE KEEPING 177.1 AS A FARMING OPERATION AND RESIDENCE. A CONSERVATION EASEMENT ON THE ENTIRE 228.6 ACRES WOULD PREVENT ANY FUTURE SUBDIVISION FOR NON-FARMING PURPOSES AND WOULD PROTECT THE ENVIRONMENTAL AMENITIES OF THE VILLAGE THAT, PRESUMABLY, WOULD ATTRACT BUYERS OF DWELLINGS IN THE COUNTRY BUT WHICH UTILIZE ONLY 25 ACRES FOR ALL STRUCTURES.

This configuration could be a modern village of residential and commercial structures and activities modeled on the scale and mixture of the housing, age-groups, rural land uses and services produced by traditional rural villages, such as Darlington, which contains perhaps six times more residents than this hypothetical example of 113 dwellings that probably would house less than 200 people. For this option, however, we have suggested an "independent life community" for older citizens because none exists in Harford County and such an efficient use of land could fill a social need and provide an economically feasible alternative for both preserving rural land and for enabling a landowner to obtain a satisfactory financial return from land without having to see all of it developed as suburban subdivisions.

WASTEWATER TREATMENT:

Although U.S. E.P.A. has approved 24 alternative wastewater treatment systems, at present the State of Maryland will consider permitting four of them. For Options #2 and 3, instead of conventional septic tanks with community drainage fields, the alternative wastewater treatment system is assumed to achieve the following effects: (1) zero discharge of pollutants to surface or ground water; (2) pollutants are either recycled in the products of agriculture, silviculture and aquaculture, or are confined or contained so that they cannot migrate, (3) reclamation of water by utilizing a deep lake to provide a high degree of pretreatment (i.e., purification), (4) recycling of nutrients by application to land for production of crops only at rates the plants can recycle with pure water as a by-product, (5) community benefits such as conservation of water, groundwater recharge, revenue from recycling for crops, trees or turf, and no sludge odor or sludge removal problem, use of water for fire protection system. A rule-of-thumb for the area required for such a system is assumed to be 1 acre/10 units, or a 12-acre lake for a 113-unit development.

OPTION 3: RURAL VILLAGE

OWNERS' SITUATION:

Income from Sale of Land ($\$5,000 \times 113$)	\$ 565,000
<u>Less:</u> Basis of Land ($51.5 \times \$500$)	25,750
Adjusted Taxable Income	539,250
<u>Less:</u> Income Taxes (33%)	177,953
After Tax Income	361,297
<u>Plus:</u> Value of Basis	25,750
Net-Disposable Income	387,047
 Investment of Cash in Bonds	 387,047
Annual Tax-free Income (if 7%)	27,093
 Value of Owners' Estate:	 742,047
House & 177.5 acres	\$355,000
Bonds	387,047
 Theoretical Federal Estate Tax Liability of the Surviving Spouse	 \$ 142,047

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